

Customized Training



Program Overview

Customized Training helps New York City-based businesses train and upskill their workforce. The program focuses on lower-wage staff and provides flexible grants for businesses to design and deliver training that is tailored to their needs. Employers pay employees for participating in training, and commit to increasing their wages afterward. This grant program benefits both businesses and their employees, allowing financially-constrained employers to invest in staff development tailored to their business' needs, and staff to gain transferable skills and increase their wages.

"I believe we got value, and our employees got even more."

Participating Employer

"It was an opportunity for my staff to be trained. I was willing to invest in my staff, but I didn't have the [funds]"

Participating Employer

Agency	Start Date	FY25 NYCO Budget	FY26 NYCO Budget	FY25 # Served
SBS	February 2007	\$400,000	\$275,000	373

Note: Customized Training also receives federal Workforce Innovation and Opportunity Act (WIOA) funding.

Problem Statement & Context

Education provides employees with pathways to higher-skill positions with higher wages, which are crucial to economic stability. However, lower-wage employees often bear demanding workloads and other obligations that leave them without enough spare money, time, or energy to pursue additional education. Employer-sponsored training can help these workers gain the necessary skills to advance their careers. However, small- and mid-sized businesses - which employ 34% of the New York City private sector workforce, and represent over 97% of businesses in the City - often lack the financial resources and administrative staff needed to invest in their employees' training and professional development.¹ The lack of professional development opportunities makes these businesses less competitive compared to larger companies.² Fostering a culture of ongoing learning in the workplace provides workers with more opportunities for career advancement and better wages, and benefits small businesses by enabling them to stay competitive and innovative.

¹New York State Department of Labor. (2023). "Labor Market Briefing 2022: New York City."

²Shilcock, A. (2020). "Funding Resilience: How Public Policies Can Support Business in Upskilling Workers for a Changing Economy." National Skills Coalition.

NYC Opportunity partnered with the NYC Department of Small Business Services (SBS) to pilot a new way of supporting the City's low-income workers. Launched in February 2007, the Customized Training program has encouraged businesses to invest in their workers. Customized Training has been consistently funded by NYC Opportunity, which focuses its funds on serving employees with the lowest wages. The program also receives funding from the Workforce Innovation and Opportunity Act (WIOA) and, before 2014, it received funding from the Workforce Investment Act (WIA).

Program Details

Customized Training is New York City's incumbent worker grant program, a model in which the government subsidizes the costs for a business to train their employees, delivering a promising two-pronged approach to promoting economic and workforce development. This model helps financially-constrained businesses train staff to address challenges such as operating new equipment or software, offering new services to reach new markets, advancing staff to hard-to-fill positions, and/or updating obsolete skills. This can help level the playing field between smaller businesses and their larger, better-resourced counterparts that can draw from larger talent pools. Further, training and professional development can help businesses retain workers, increase productivity and promote employees into positions that require specialized skills, which allows employers to avoid the cost of recruiting, hiring, and training new staff.

New York City businesses can apply for a one-year Customized Training grant up to \$400,000 to cover 50-60% of the costs of training their employees. Businesses must cover the costs of training upfront, pay employees for participating in the training, and commit to increasing the wages of those who successfully complete their training. Further, the grant is targeted to training lower-wage workers, a majority of whom must be incumbent workers (i.e. workers who have been employed by the business for more than six months). The businesses' training plan includes a classroom or online component, though businesses can also offer on-the-job training (for example, shadowing an instructor). Otherwise, the grant is flexible: as long as the training develops skills that are transferable and not legally required, employers can propose whichever training will meet their particular needs.

Program Goals and Expected Outcomes

The Customized training program helps employees to:

- Obtain professional skills that will help them increase their wages
- Attain occupational skills and industry-based credentials that will make them more competitive in the labor market

The Customized training program helps small business employers to:

- Train their staff to meet their unique business needs
- Increase competitiveness vis a vis other businesses
- Retain employees and promote them internally
- Increase staff morale

³ Mayor's Office for Economic Opportunity and Westat, "[Evaluation of the NYC Business Solutions Customized Training Program](#)," July 2014.

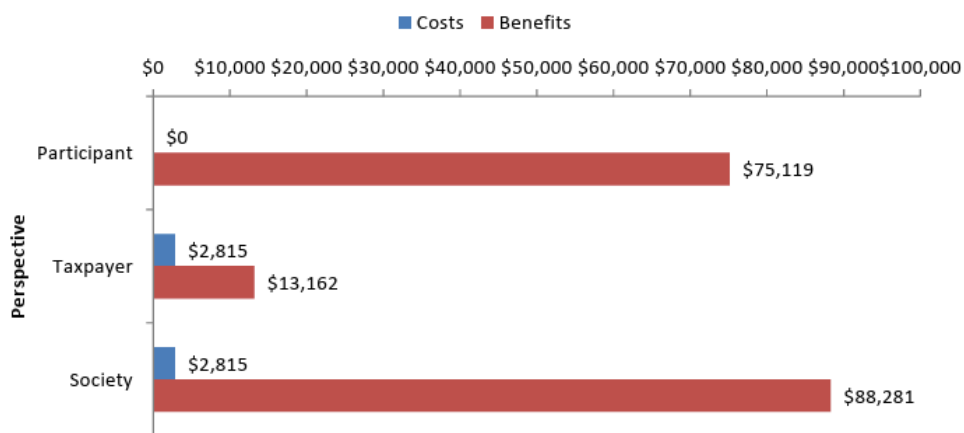
Performance Data

	FY25		FY24	FY23	FY22
	Actual	Target	Actual	Actual	Actual
Grants awarded	15	25	12	12	15
Number of New Enrollees	373	700	455	360	1037
Number of employees who participated completed training	206	-	224	517	69
Percentage of retained incumbent trainees who received a wage increase	58%	80%	82%	65%	82%
Average wage gain among incumbent trainees who received a wage gain	13%	10%	11%	17%	16%

Evaluation

A 2014 Westat [evaluation](#) of the Customized Training program³ found that the program positively impacted employee wages. The researchers compared Customized Training participants' with individuals from the NYC Workforce1 Career Centers in order to examine the program's impact on wages. The evaluation found that participants averaged a statistically significant wage gain of 9% (approximately \$3,286 annually). Lower-wage employees (those earning at the time \$15 per hour or less) benefited most from the program, receiving average wage gains of 11% (which amounted to an average of \$2,621 more per year).⁴

Figure 5.10. Costs and Returns from Customized Training FY 2014 and 2015 Cohorts, 10-Year Period



³ Mayor's Office for Economic Opportunity and Westat, "[Evaluation of the NYC Business Solutions Customized Training Program](#)," July 2014.

In 2020, Westat also conducted a [return on investment \(ROI\) analysis](#) of Customized Training and found that it had positive returns for training participants and taxpayers. Over a 10-year period, the total returns to training were \$75,119 per participant (in 2016 dollars), due to increased wages and fringe benefits. Further, the program's net returns to taxpayers were \$10,347 per participant, or \$3.68 per dollar invested.⁴ Though the program cost taxpayers \$2,815 per participant, it increased participants' earnings, which resulted in more taxes and lower benefit cost (e.g., SNAP, unemployment insurance, cash assistance). Taking both training participants' and taxpayers' perspectives in account, the Customized Training program returned \$30.36 per dollar invested, resulting in an annual ROI of 41 percent.⁵

Current Status

FY26 is the last year that NYC Opportunity is planning to provide funding for Customized Training. The program will continue to be active afterwards with federal WIOA funding. More information on the program and information on how businesses can apply is available at the [SBS Customized Training website](#).

⁴ Gasper, J., Muz, B., & Boyer, D. (2020). "[Mayor's Office for Economic Opportunity Independent Evaluation: Return on Investment Analysis of Industry-Focused Job Training Programs](#)." Mayor's Office for Economic Opportunity.

⁵ The Westat study does not calculate an ROI for participating businesses due to data constraints.